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Jenny R. Pittman
Counsel for ORS

May 30, 2018

VIA U.S. MAIL

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
2017-207-E (8th Continuing AIR)
2017-305-E (7th Continuing AIR)
2017-370-E (7th Continuing AIR)

Dear Ms. Boyd:

Please find enclosed the South Carolina Office of Regulatory Staff's Continuing Audit Information Request ("AIR") for the consolidated dockets referenced above along with its cover letter which was served on South Carolina Electric & Gas Company and Dominion Energy, Inc. today.

Sincerely,

Jenny R. Pittman
Jenny R. Pittman

RECEIVED
JUN 01 2018
PSC SC
MAIL / DMS

Enclosure

cc: F. David Butler Esquire (via e-mail)
Joseph M. Melchers, Esquire (via e-mail)
All Parties of Record in Docket No. 2017-305-E (via e-mail)
All Parties of Record in Docket No. 2017-207-E (via e-mail)
All Parties of Record in Docket No. 2017-370-E (via e-mail)

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Jenny R. Pittman
Counsel for ORS

May 30, 2018

VIA ELECTRONIC MAIL

K. Chad Burgess, Esquire
 South Carolina Electric & Gas Company
 220 Operation Way-MC C222
 Cayce, South Carolina 20033-3701

Lisa S. Booth, Esquire
 Dominion Energy Services, Inc.
 120 Tredegar Street
 P.O. Box 26532
 Richmond, Virginia 23261-6532

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
 2017-207-E (8th Continuing AIR)¹
 2017-305-E (7th Continuing AIR)¹
 2017-370-E (7th Continuing AIR)

Dear Mr. Burgess and Ms. Booth:

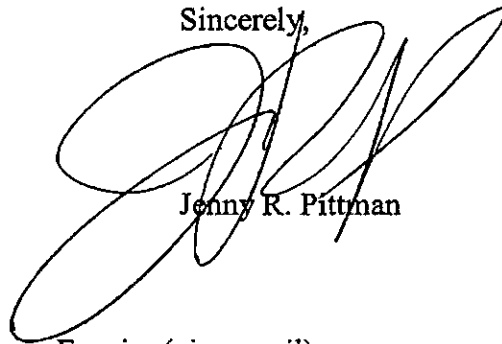
Please find enclosed and served on you South Carolina Office of Regulatory Staff's ("ORS") Continuing Audit Information Request as referenced above. Please note that pursuant to S.C. Code § 58-4-55(A), ORS is requiring that the responses be provided under oath. ORS also asks that individual responses be provided early if they are completed prior to the due date.

(Continued...)

¹ A First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 was sent to SCE&G and has been responded to. Commission Order Nos. 2017-769 and 2017-770 were issued in Docket Nos. 2017-305-E and 2017-207-E. The First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 is being treated as a chronology separate and apart from the AIRs referenced above. For clarity, Dominion Energy, Inc. was not served the AIR issued pursuant to Order Nos. 2017-769 and 2017-770 or the 1st Continuing AIR in Docket No. 2017-207-E.

K. Chad Burgess, Esquire
Lisa S. Booth, Esquire
May 30, 2018
Page 2

Sincerely,

A handwritten signature in black ink, appearing to be 'Jenny R. Pittman', written over the word 'Sincerely,'.

Jenny R. Pittman

Enclosure

cc: Matthew W. Gissendanner, Esquire (via e-mail)
Byron Hinson (via e-mail)
Mitchell Willoughby, Esquire (via e-mail)
Belton T. Zeigler, Esquire (via e-mail)
Robert A. Muckenfuss, Esquire (via e-mail)
Joseph K. Reid, III, Esquire (via e-mail)
Elaine S. Ryan, Esquire (via e-mail)
Ellen T. Ruff, Esquire (via e-mail)
J. David Black, Esquire (via e-mail)

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

IN RE: Friends of the Earth and Sierra Club,) **SOUTH CAROLINA OFFICE**
Complainant/Petitioner v. South Carolina) **OF REGULATORY STAFF'S**
Electric & Gas Company,) **EIGHTH AND CONTINUING**
Defendant/Respondent) **AUDIT INFORMATION**
) **REQUEST FOR RECORDS**
) **AND INFORMATION**

IN RE: Request of the South Carolina Office of
Regulatory Staff for Rate Relief to SCE&G
Rates Pursuant to S.C. Code Ann. § 58-27-
920

) **SOUTH CAROLINA OFFICE**
) **OF REGULATORY STAFF'S**
) **SEVENTH AND**
) **CONTINUING AUDIT**
) **INFORMATION REQUEST**
) **FOR RECORDS AND**
) **INFORMATION**

[illegible]

**TO: ATTORNEYS FOR SOUTH CAROLINA ELECTRIC & GAS COMPANY:
K. CHAD BURGESS, ESQ., MATTHEW W. GISSENDANNER, ESQ., MITCHELL
WILLOUGHBY, ESQ., AND BELTON T. ZEIGLER, ESQ., REPRESENTATIVES**

ATTORNEYS FOR DOMINION ENERGY, INC.:

LISA S. BOOTH, ESQ., ROBERT A. MUCKENFUSS, ESQ., JOSEPH K. REID, III, ESQ., ELAINE S. RYAN, ESQ., J. DAVID BLACK, ESQ., AND ELLEN T. RUFF, ESQ.

I. INSTRUCTIONS

The South Carolina Office of Regulatory Staff (“ORS”) hereby requests, pursuant to S.C. Code Ann. §§ 58-4-50(A)(2), 58-4-55(A), 58-27-160, 58-27-1570, 58-27-1580, and 58-33-277 that South Carolina Electric & Gas Company (“SCE&G” or “Company”) and Dominion Energy, Inc. (“Dominion”) (collectively the “Parties” or “Applicants”) provide responses in writing and under oath and serve the undersigned on or before **June 19, 2018** to (1) ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201, (2) Norm Richardson, Anchor Power Solutions, LLC, 32 Dunaire Court, Mableton, GA 30126, (3) Lane Kollen, J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, GA 30075, and (4) Jones Partners at 1555 W. Astor St., Suite 22W, Chicago, IL 60610. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, "address" means mailing address and business address. When asked to identify or provide a document, "identify" and "provide" mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS THEREFORE REQUIRED:

- Pursuant to S.C. Code Ann. § 58-4-55(A) that responses be submitted under oath.
- That SCANA/SCE&G respond only unless Dominion is included in the request.
- All information shall be provided to ORS in the format requested.
- All responses to the requests below must be labeled using the same numbers as the requests.
- Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question. The question should be reproduced at the beginning of each tab for the responses included. All exhibits shall be reduced or expanded to 8 ½" x 11" formats, where practical.
- If information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place a copy of the requested information in the appropriate numerical sequence.
- Any inquiries or communications requesting clarification of the information requested should be directed to Dawn Hipp [803.737.0814], Anthony James [803.737.2090], Jay Jashinsky [803.737.1984], Jeffrey M. Nelson, Esquire [803.737.0823], Jenny Pittman, Esquire [803.737.0794], or Shannon Bowyer Hudson, Esquire [803.737.0889] of ORS.
- This entire list of questions shall be reproduced and included in front of each set of responses.
- Unless otherwise set forth below, the Parties shall provide four (4) sets of CDs with each containing a set of the responses in a searchable format, and seven (7) paper copies/binders of responses to ORS. In addition, the Parties shall load the e-room with the responses the same day the responses are due to ORS. Parties shall provide one (1) set of CDs with each containing a set of the responses in the same format as provided to ORS to (1) Norm Richardson, Anchor Power Solutions, LLC, 32 Dunaire Court, Mableton, GA 30126, [404-348-0096], (2) Lane Kollen, J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, GA 30075, [770-992-2027], and (3) Jones Partners at 1555 W. Astor St., Suite 22W, Chicago, IL 60610, [312-643-0498], via overnight delivery. Working copies of all spreadsheets (not in Adobe) with all formulas and calculations intact are to be provided to J. Kennedy and Associates (via the e-room) and ORS.
- If the response to any request is that the information requested is not currently available, please state when the information requested will be provided to ORS. This statement is not a waiver of the deadline for all other responses.

- In addition to the signature and verification at the close of the Parties' responses, the Parties' witness(es), employee(s), contractor(s) or agent(s) responsible for the information contained in each response shall be indicated at the bottom of each response.
- This request shall be deemed to be continuing so as to require SCE&G to supplement or amend its responses as any additional information becomes available.
- For responses regarding the V.C. Summer Units 2 & 3 Project, please provide all responses to reflect SCE&G's 55% participation where possible. Where this request is not possible, please clearly identify whether the responses reflect 100% or 55% dollars.
- ORS will object at or prior to a hearing to any attempt by the Joint Applicants to introduce evidence at any hearing which is sought by ORS's Audit Information Requests for Records and Information as to which no disclosure has been made.
- The following Attachments are to be completed as requested below:
 - None

Acronyms

For purposes of the following information requests, the following acronyms may apply:

Accumulated Deferred Income Tax ("ADIT")

Allowance for Funds Used During Construction ("AFUDC")

Audit Information Request ("AIR")

Base Load Review Act ("BLRA")

Capital Cost Rider ("CCR")

Construction Work in Progress ("CWIP")

Customer Benefits Plan ("CBP")

Dominion Energy, Inc. ("Dominion")

Dominion Energy Services, Inc. ("DES")

Dominion Energy Carolina Gas Transmission ("CGT")

Federal Energy Regulatory Commission ("FERC")

Net Operating Loss ("NOL")

Public Service Commission of South Carolina ("Commission")

SCANA Corporation ("SCANA")

SCANA Services, Inc. ("SCANA Services")
 Sedona Corp. ("Sedona")
 South Carolina Electric & Gas Company ("SCE&G")
 South Carolina Office of Regulatory Staff ("ORS")
 South Carolina Department of Revenue ("SCDOR")
 V.C. Summer Units 2 & 3 Project ("NND Project")

II. REQUESTS

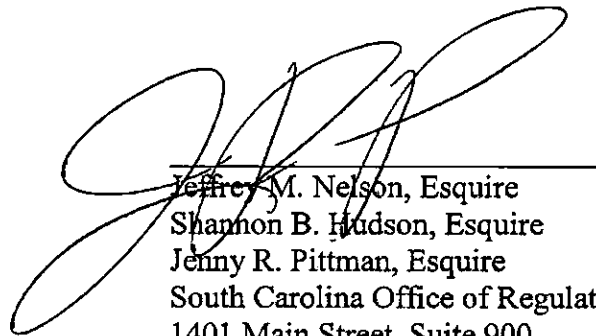
- 7-1. Provide a copy of all documents identified in the Company Benefit Plan as detailed in Application Exhibit 1, page A-2. Provide a summary of the Customer Benefit Plan.
- 7-2. Provide a copy of the Company Disclosure Letter as identified in the Application Exhibit 1, page A-2.
- 7-3. Provide a copy of the Director Compensation and Deferral Plan as identified in the Application Exhibit 1, page A-4.
- 7-4. Provide a copy of the Parent Disclosure Letter as identified in the Application Exhibit 1, page A-6.
- 7-5. Provide a copy of the Parent Severance Program as identified in the Application Exhibit 1, page A-6.
- 7-6. Provide copies of all PowerPoint or other presentations regarding the process of integrating departments and combining services of Dominion Energy Services, Inc. and SCANA Services, Inc. under one Services Company. This request includes, but is not limited to, presentations related to kick-off meetings with integration teams and/or other employees and all subsequent meetings regarding the integration process, including, but not limited to the integration management structure, leaders and composition of integration teams, objectives, timelines and milestones, and reporting and accountability for achievement of objectives as the integration process proceeds.
- 7-7. Review the response to ORS 4-14 and provide an update to reflect the present status.
- 7-8. Provide a schedule in an Excel spreadsheet showing the actual non-fuel or non-gas O&M expenses by FERC account for each Dominion electric utility and gas Local Distribution Company acquired by Dominion starting the year prior to Dominion's acquisition of the utility and continuing for the five years after the acquisition. This request includes, but is not limited to, Dominion East Ohio, Dominion Hope, and Questar Gas.
- 7-9. Provide a schedule in an Excel spreadsheet showing the charges from SCANA Services, Inc. to SCE&G by FERC account for 2016 and 2017. Separate the 900 series account expenses into electric and gas.

- 7-10. Question 6-22 asked SCE&G to extend the schedule through the most recent month for which actual amounts are available, but SCE&G extended the schedule only through November 2017. Update the response to ORS 6-22 with actual information through May 2018 or explain why this information is not available. Update with additional months as actual information become available.
- 7-11. Refer to the response to ORS 6-19.
- a. Provide a schedule with the monthly construction history of each project identified in response to ORS 6-19 separated into non-transmission and transmission directs and AFUDC and further into allocations of these costs to Unit 1, Unit 2, and Unit 3, including the subsequent transfers from Units 2 and 3 to Unit 1. In addition, provide the amount by month incurred of each project initially allocated to Units 2 and 3 and is included in the NND project CWIP reflected in present revised rates that has since been transferred to Unit 1.
 - b. Provide a copy of all studies that address the need for and economics of the Offsite Water System for Unit 1 that demonstrate it would have been constructed in the absence of Units 2 and 3.
 - c. Indicate whether the NLC Annex would have been constructed in the absence of Units 2 and 3. Provide all support relied on for your response, including, but not limited to, a copy of all studies that address the need for and economics of the NLC Annex.
- 7-12. Provide a schedule showing each income item and deduction related to the NND project for each tax year since construction commenced. Separately show the effects of taxable losses in any year that were carried back to and utilized in prior years or carried forward to and utilized in future years by tax year, as well as the loss carryforward balance at the end of each tax year. Provide all data, assumptions, and calculations, including electronic spreadsheets in live format with all formulas intact.
- 7-13. Provide a schedule that allocates the NOL asset ADIT at December 31, 2017 between NND project costs and non-NND project costs using a “but for” approach where the taxable income for each tax year since NND construction expenditures commenced is adjusted to remove the income and deductions related to the NND project provided in response to the immediately preceding question. Separately show the effects on the NOL asset ADIT of taxable losses in any year that were carried back to and utilized in prior years or carried forward to and utilized in future years by tax year, as well as the loss carryforward balance at the end of each tax year. Provide all data, assumptions, and calculations, including electronic spreadsheets in live format with all formulas intact.
- 7-14. Indicate whether the ADIT, other than the NOL asset ADIT, that will be used in the calculation of rate base for the CCR revenue requirements under the Merger CBP will reflect the reductions in ADIT related to the NND cost impairment loss write-offs already taken by SCE&G. Explain the response.

- 7-15. Indicate whether the ADIT, other than the NOL asset ADIT, that will be used in the calculation of rate base for the CCR revenue requirements under the Merger CBP will reflect the reductions in ADIT related to additional impairment loss or other write-offs proposed by the Applicants or that are related to disallowances of NND costs that may be imposed by the Commission. Explain your response.
- 7-16. Indicate whether the NOL asset ADIT that will be used in the calculation of rate base for the CCR revenue requirements under the Merger CBP will be reduced to reflect the reductions in ADIT related to the NND cost impairment loss write-offs already taken or that will be taken by SCE&G. If so, explain how the Company will calculate the reductions in the NOL asset ADIT. If not, explain why not.
- 7-17. Indicate whether the NOL asset ADIT that will be used in the calculation of rate base for the CCR revenue requirements under the Merger CBP will be reduced to remove the portion caused by or due to the abandonment loss deductions that have or will be recognized as impairment losses for book accounting purposes. If so, describe how SCE&G will calculate the amount that should be removed from the NOL asset ADIT. If not, explain why not.
- 7-18. Provide a calculation of the actual annualized discount rate due to the monetization of the Toshiba parental guarantee payments compared to the schedule of the amounts and timing of the Toshiba parental guarantee payments pursuant to the Toshiba settlement agreement. Provide the calculation with and without the related advisory fees and expenses incurred to negotiate the Toshiba settlement agreement and with and without the fees related to the monetization.
- 7-19. Refer to page 3 of the V.C. Summer Units 2 and 3 Redress Plan attached to the response to ORS 5-17 wherein it states:
- a. *Under current plans, the existing containment, turbine, and associated support buildings would not be demolished but would remain in their currently constructed state. The other structures not identified as necessary would be removed from the site, abandoned in place, or demolished.*
 - i. Indicate when SCE&G plans to demolish and remove the facilities that will “remain in their currently constructed state.”
 - ii. Will the former construction site be restored? If so, describe the scope and timing of the planned restoration.
 - iii. Provide estimates in 2018 dollars for the demolition and removal of these facilities and restoration of the site. Provide all support used to develop the estimate.
 - iv. Indicate whether SCE&G will hold its customers harmless from the costs to demolish and remove the facilities that will “remain in their currently constructed state” and restore the site. If not, then explain why not.

- v. Indicate if it is the intent of SCE&G to include the cost to demolish and remove the facilities constructed for Units 2 and 3 in the cost to demolish and remove the facilities for Unit 1 in subsequent Unit 1 decommissioning studies. If so, explain why the Unit 2 and 3 costs should not be addressed in conjunction with the recovery of NND costs in this proceeding.
- 7-20. ORS 5-17 asked the Applicants to “provide the details (e.g., contract, letter of agreement, letter of transfer) of the proposal from SCE&G to Santee Cooper where Santee Cooper is to assume responsibility for all equipment at the NND project.” The response provided a copy of the letter from SCE&G to the NRC seeking to withdraw the VCSNS Unit 2&3 COLs, which references the SCE&G offer to Santee Cooper; however, it provided no document addressed to Santee Cooper with an offer or detailing a proposal. If there is none, then so state. If there are any such documents, then provide them.
- 7-21. Refer to the Companies’ response to ORS 4-49.
 - a. Provide the specific “service levels in our contact center operations (% of all answered within a specific amount of time)”. Provide the percentages monthly from 2012 through the most recent month in 2018. Provide all supporting work papers and documentation for this response.
 - b. Provide the specific metrics monitored by SCE&G for its customer contacts quality program monthly from 2012 through the most recent month in 2018. Provide all work papers and documentation for this response.
 - c. Provide the specific metrics monitored by SCE&G for its customer accuracy program monthly from 2012 through the most recent month in 2018. Provide all work papers and documentation for this response.
 - d. Provide the SAIDI and SAIFI results including MEDs for 2013 through 2017. Provide a detailed explanation as to how the Company defines a MED. Provide supporting work papers and documentation for the MEDs that were excluded from the SAIDI and SAIFI values provided in the response.
- 7-22. Provide a calculation of the income tax expense included in SCE&G’s present base rates, excluding the income tax expense related to the return on the BLRA CWIP that was provided previously in response to ORS 4-76. Provide all calculations and workpapers, including electronic spreadsheets in live format and with all formula intact.
- 7-23. Provide the monthly AFUDC rate used for the NND project costs not included in revised rates from the date construction commenced through December 2017. Provide the calculation of the monthly rate used for this purpose, including capital structure and component costs.
- 7-24. Describe the South Carolina Department of Revenue’s claim against SCE&G for sales tax on the NND construction costs. Describe the current status. Provide a copy and the amount of the assessment, including all schedules that were developed by the SCDOR in support of the assessment.

- 7-25. Indicate whether SCE&G will seek to recover the sales tax on the NND construction costs from retail customers. If so, describe the manner and form this proposal will take, e.g., an addition to the NND costs recoverable through the CCR under the Merger CBP. If not, confirm that SCE&G will charge this cost to income below the line.
- 7-26. Confirm that SCE&G will not seek to use an imputed capital structure to “restore” the effects of impairment losses charged to income below the line related to the BLRA costs (NND costs and related regulatory assets) for any ratemaking purposes, other than the proposed use of a “fixed” cost of capital for the CCR under the Merger CBP. If this is not correct, then provide a correct statement and describe each such effect on the ratemaking process and the costs recovered from customers.



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May 30, 2018